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Chairman: Mr. Ali ..... (Malaysia)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Ms. McLurg

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The meeting was called to order at 10.10 a.m.

Agenda item 125: Financial reports and audited financial statements, and reports of the Board of Auditors (*continued*) (A/62/5 (Vol. II), A/62/784 and A/62/823)

1. **Mr. Levallois** (Chairman of the Audit Operations Committee of the United Nations Board of Auditors) introduced the report of the Board of Auditors on the United Nations peacekeeping operations for the 12-month period from 1 July 2006 to 30 June 2007 (A/62/5 (Vol. II)).

2. In conducting its audit, the Board had visited 14 active missions and the United Nations Logistics Base at Brindisi, Italy. The audit had also covered 24 completed missions and peacekeeping financial transactions and operations at Headquarters, including the Peacekeeping Reserve Fund and the support account.

3. The Board had coordinated with the Office of Internal Oversight Services (OIOS) in planning the audit in order to avoid duplication of effort. In addition, it had reviewed the audit coverage by the OIOS of peacekeeping operations to assess the extent to which reliance could be placed on its work.

4. The Board had issued a modified audit opinion with two emphases of matter on the financial statements for the period under review, as reflected in chapter III of its report. The first related to the cancellation of unliquidated obligations totalling $202 million. The Board was concerned about the high incidence of cancellation of prior-period obligations, which might be indicative of an apparent overstatement of expenditure in previous years.

5. The second emphasis of matter related to an amount of $1.38 billion representing the original cost of non-expendable property. Significant discrepancies had been noted when the results of physical counts had been compared with the balances shown in the asset records, indicating deficiencies in the system of asset management at the various missions. Similar deficiencies had been observed in relation to unused expendable property, which, in the case of peacekeeping operations, was substantial.

6. Total income for peacekeeping operations had risen by 7.38 per cent over the previous financial period, while total expenditure had increased by 12.45 per cent. Total income and total expenditures for the year ended 30 June 2007 had amounted to $5.53 billion and $5.15 billion respectively.

7. Of the $5.15 billion in expenditures, $973.5 million, or 18.9 per cent, represented unliquidated obligations. However, several instances had been noted where the criteria for creating obligations, as stated in rule 105.9 of the Financial Regulations and Rules of the United Nations, had not been strictly observed.

8. Assessed contributions outstanding as at 30 June 2007 had decreased slightly from the previous financial period to $1.26 billion. Closed missions accounted for 43.63 per cent of the outstanding amount, significant portions of which were long outstanding.

9. The Administration had continued its policy of not making a provision for delays in the collection of outstanding assessed contributions. The Board maintained its view that such a provision would ensure that the amount shown as accounts receivable would be more realistically stated and urged the Administration to keep the matter under review.

10. In accordance with General Assembly resolutions 60/255 and 61/264, the Administration had provided in the financial statements the sum of $389 million as a liability for after-service health insurance. Previously, such a liability had been shown in the financial statements of the United Nations (Vol. I). The Board welcomed that improvement but noted that the figure was not based on an up-to-date actuarial valuation. Instead, it had been determined through a combination of an actuarial valuation as at 31 December 2005 and a projection by management to 30 June 2007.

11. The financial position of completed missions remained a matter of concern. Should the outstanding assessments, which totalled $550.29 million, remain uncollected, there would be an accumulated cash deficit of $199 million.

12. The Advisory Committee on Administrative and Budgetary Questions had requested the Board to undertake an analysis of the support account for peacekeeping operations, taking into account the Administration's report on the matter. Although that report had not been available at the time of the audit, the Board had undertaken its own evaluation and had noted that a number of criteria set out in the Secretary-General's report on the support account (A/45/493) relating to the creation of posts had not been

highlighted in the instructions for the preparation of the proposed budget for the support account for the financial period 2008/09. Furthermore, in several instances, the staff appraisals of personnel financed under the support account did not contain adequate information to assess the extent of their involvement in peacekeeping activities.

13. Several missions were not in compliance with the requirements of results-based budgeting, especially with regard to indicators of achievement. Results-based budgeting did not work properly unless there were clear and measurable indicators, baselines and measurable outputs.

14. The financial statements had not disclosed the value of the significant amounts of expendable property inventory held at the United Nations Logistics Base and at the various missions. Including such information in a note to the financial statements would improve transparency, accountability and financial reporting. Based on sample tests, the Board had noted significant discrepancies when comparing the results of physical counts with the balances shown in the Galileo database.

15. There was evidence of surplus assets being held at a number of missions. Approximately one third of the new items in stock had remained unused for 12 months or more. Again, there had been significant discrepancies when comparing the results of physical counts with the balances shown in the Galileo database.

16. The Board had noted that the Local Property Survey Board and the Headquarters Property Survey Board had not always acted promptly in regard to cases brought to their attention for write-offs and disposals. At the United Nations Mission for the Referendum in Western Sahara (MINURSO), for example, 1,341 items that had been recommended for write-off were still pending.

17. The Administration was to have introduced a rations management system in June 2006 in response to shortcomings identified by the Board which, by October 2007, had not yet been implemented.

18. Five of the missions visited did not have human resources plans, including succession planning. Vacancy rates were also high and posts remained vacant for unduly long periods.

19. Because the integrated mission planning process guidelines had not been finalized at the time of audit, the Board had not been able to comply with the Advisory Committee's request to assess their effectiveness.

20. A significant number of planned audits by resident auditors attached to OIOS had not been undertaken or completed as planned. The vacancy rates for resident auditor posts were also considered high.

21. **Ms. Hurtz-Soyka** (Chief, Accountability and Oversight Support Service) introduced the report of the Secretary-General on the implementation of the recommendations of the Board of Auditors concerning United Nations peacekeeping operations for the financial period ended 30 June 2007 (A/62/784), prepared pursuant to General Assembly resolutions 48/216 B and 61/233 B. The Secretary-General had been requested to indicate an expected time frame for the implementation of the Board's recommendations as well as the priorities for their implementation, including the office holders to be held accountable.

22. For each recommendation contained in the Board's report, the Secretary-General's report provided details of the department responsible, the status, the priority and, in cases where the recommendation had yet to be implemented, the target date for implementation. While the implementation of all recommendations would be treated as a priority, the main recommendations had been designated as high priority and the other recommendations as medium priority. Table 1 in the report showed the status of implementation of main recommendations, by department responsible, and table 2, the status of implementation of all recommendations, by department responsible.

23. The Administration continued to work closely with the Board and had made every effort to provide full and complete information for inclusion in the Board's report. Consequently, in many cases the Board's report adequately reflected the Administration's position on each recommendation. Thus, in the Secretary-General's report, it had proved necessary to comment further on only 27 of the Board's 72 recommendations.

24. As requested in resolution 61/233 B, the Secretary-General had provided an explanation for the delays in implementation of the Board's recommendations for prior periods. Annex II to the

Board's report (A/62/5 (Vol. II)) showed that 39 recommendations from prior periods had been partially implemented and that two had not been implemented. As requested by the General Assembly, the Secretary-General's report contained information on progress to date, the department responsible, current status, priority and revised target dates, where applicable.

25. **Ms. McLurg** (Chairman of the Advisory Committee on Administrative and Budgetary Questions) introduced the related report of the Advisory Committee (A/62/823). With respect to the first emphasis of matter, which related to the cancellation of unliquidated obligations, the Advisory Committee shared the Board's concern that the high incidence of cancellation of prior-period obligations might be indicative of an overstatement of expenditures in previous years.

26. With respect to the second emphasis of matter, which related to deficiencies in the asset management systems of non-expendable and unused expendable property, the Secretariat had indicated in its response that a system of inventory management would be implemented by the fourth quarter of 2008. The Advisory Committee was concerned about potential financial loss and would continue to scrutinize asset management matters related to peacekeeping operations, the United Nations Logistics Base at Brindisi and the support account.

27. The Board had recommended that the Administration should consider disclosing the value of unused expendable property in preparation for the implementation of the International Public Sector Accounting Standards. Although the Secretariat had responded that neither the Financial Regulations and Rules nor the United Nations system accounting standards required such disclosure, the Advisory Committee recommended that it should take steps to strengthen control of expendable and non-expendable equipment.

28. The Advisory Committee recalled its request that the Board, in accordance with Financial Regulation 7.7, should undertake an analysis of how the support account had evolved to its current application and configuration, and of how it might further evolve, and also recalled that the information provided by the Board in that regard was mainly statistical in nature.

29. The Administration had agreed with the Board's recommendation that, in the light of changing circumstances and needs, it should revisit the criteria set out by the Secretary-General in relation to the creation of posts (A/45/493) to determine those that might hamper the efficient management of the support account. The Advisory Committee looked forward to the conclusion of that review and any related proposals that might be presented to the General Assembly.

30. The Advisory Committee was concerned that OIOS had carried out fewer audits than set out in its annual workplan and that, as a result of the continued high rate of resident auditor vacancies, the Office had been unable to provide the oversight services to missions as envisaged by the General Assembly.

31. **Mr. Blaj** (Slovenia), speaking on behalf of the European Union; the candidate countries Croatia, the former Yugoslav Republic of Macedonia and Turkey; the stabilization and association process countries Albania, Bosnia and Herzegovina, Montenegro and Serbia; and, in addition, Armenia, Liechtenstein, Moldova and Ukraine, said that the European Union was concerned that the Board had issued a modified audit opinion with two emphases of matter relating to the cancellation of unliquidated obligations and to expendable and non-expendable property. Noting that both issues had been raised in previous Board reports, he called on the Secretariat to implement outstanding high-priority and ageing recommendations.

32. The European Union remained concerned about the high incidence of cancellations of prior-period obligations and other issues relating to procurement and contract management, vehicle fleet management, air transportation, the integrated mission planning process and the high vacancy rate for resident auditors.

33. It was important to keep adequate records of expendable and non-expendable property, not only because of the potential financial loss to the Organization, but also in preparation for the implementation of the International Public Sector Accounting Standards.

34. Compared with 2005/06, total outstanding assessed contributions for the period 2006/07 remained largely unchanged. Member States must pay their contributions in full, on time and without conditions, to enable peacekeeping operations to fulfil their mandates.

35. **Mr. Ren** Yisheng (China), speaking on behalf of the Group of 77 and China, said that the Group valued

the Board of Auditors as an important external audit body and welcomed the issuance of unqualified audit opinions on the financial statements of the United Nations peacekeeping operations. Such opinions helped Member States ensure adherence to the principle of fair presentation and disclosure of financial statements, which was essential to the effective management of peacekeeping operations and more efficient use of the financial and human resources allocated to those activities.

36. The financial statements had been prepared in accordance with the United Nations system accounting standards. However, the Board had not reviewed the African Union-United Nations Hybrid Operation in Darfur (UNAMID) or the restructuring of the Department of Peacekeeping Operations, both of which had been approved by the General Assembly at its sixty-first session. The restructuring having been completed and UNAMID having been deployed, the Group looked forward to receiving the Board's reviews.

37. It was disturbing that outstanding assessed contributions had increased by 2.7 per cent since the previous fiscal year. All Member States must pay their assessed contributions in full, as peacekeeping operations could not succeed without adequate funding.

38. The Group agreed with the Board and the Advisory Committee that the high incidence of cancellation of prior-period obligations might be indicative of an apparent overstatement of expenditure in previous years. It was also concerned about the significant deficiencies in the asset management systems of non-expendable and unused expendable property and concurred with the Board's recommendation that, in accordance with rule 105.9 of the Financial Regulations and Rules of the United Nations, the Secretariat needed to monitor the creation of unliquidated obligations more closely. It further agreed that, if those deficiencies were not addressed in a timely manner, they would continue to impact adversely the ability of missions to effectively manage assets under their control.

39. The Group welcomed the information in the Secretary-General's report regarding ageing recommendations; it urged the Secretariat to take prompt, effective measures to prevent any repetition of non-compliance with those recommendations.

40. Other matters of concern included procurement, contingent-owned equipment, quick-impact projects, air transportation and ration management. The Group agreed with the Board's recommendations regarding the need for succession plans, quarterly inspections of contingent-owned equipment and the completion of guidelines relating to quick-impact projects. With respect to procurement, it was particularly important that opportunities for vendors from developing countries should be increased.

41. The liabilities for after-service health insurance and for end-of-service and post-retirement benefits had been reflected in the financial statements for peacekeeping operations for the period ending 30 June 2007. In that connection, the Group had noted the Advisory Committee's recommendation that the audit for the period 2007/08 should include a review of how after-service health insurance would be presented in the context of the implementation of the International Public Sector Accounting Standards.

42. Lastly, he welcomed the Board's continued coordination with OIOS, as that would ensure compliance with the highest auditing and investigating standards

Agenda item 140: Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations (*continued*)

Overview of the financing of the United Nations peacekeeping operations: budget performance for the period from 1 July 2006 to 30 June 2007 and budget for the period from 1 July 2008 to 30 June 2009 (A/62/727 and A/62/781)

Proposed budgetary levels for peacekeeping operations for the period from 1 July 2008 to 30 June 2009 (A/C.5/62/28)

Comprehensive report of conduct and discipline including full justification of all posts (A/62/758 and A/62/781)

Peacekeeping best practices (A/62/593 and Corr.1 and A/62/781)

Comprehensive report on training in peacekeeping (A/62/676 and A/62/781)

Report on the activities of the Office of Internal Oversight Services for the period from 1 January to 31 December 2007 (A/62/281(Part II) and Add.1)

43. **Mr. Sach** (Controller) said that the peacekeeping mandate continued to grow in size and complexity. Shortly after the General Assembly had concluded action on the initial 2007/08 budget proposals, the Security Council had authorized two new missions — the African Union-United Nations Hybrid Operation in Darfur and the United Nations Mission in the Central African Republic and Chad (MINURCAT). Those missions were complex, calling for extensive collaboration with partner organizations.

44. Existing operations also continued to evolve. With the establishment of UNAMID, the United Nations Mission in the Sudan (UNMIS) had transferred the majority of its Darfur-based operations to UNAMID. The Security Council, meanwhile, had established a new post-election mandate for the United Nations Organization Mission in the Democratic Republic of the Congo (MONUC) and authorized it to provide assistance in the organization, preparation and conduct of local elections (resolutions 1756 (2007) and 1797 (2008)); authorized a reduction in the military strength of the United Nations Mission in Liberia (UNMIL) (resolution 1777 (2007)); and requested the United Nations Operation in Côte d'Ivoire (UNOCI) to support the full implementation of the Ouagadougou political Agreement (resolution 1765 (2007)). Adjustments in the financial resources resulting from those decisions were reflected in the respective budget proposals.

45. Since the longer-term status of the United Nations Interim Administration Mission in Kosovo (UNMIK) was still uncertain, the proposed 2008/09 budgetary requirements reflected a baseline estimate of financial and human resource requirements based on 2007/08 levels. Should the Security Council approve any changes with respect to that mission's mandate, a revised budget would be submitted to the General Assembly, if necessary.

46. The United Nations Mission in Ethiopia and Eritrea (UNMEE), meanwhile, was carrying out its mandated tasks under changed conditions. In response to the current operating environment and pending further decisions by the Security Council, its proposed budget reflected higher than planned vacancy rates for all categories of personnel and made no provision for new or replacement equipment.

47. The total peacekeeping budget for 2008/09, inclusive of the United Nations Logistics Base at Brindisi, and the support account, was currently estimated at $7.4 billion — an increase of $629.3 million, or 9.3 per cent, compared to the prior period. That increase was primarily attributable to the establishment of UNAMID and MINURCAT. Information on the proposed budgets for all peacekeeping operations, the Logistics Base and the support account for 2008/09 was contained in the note by the Secretary-General on the proposed budgetary levels for peacekeeping operations for the period from 1 July 2008 to 30 June 2009 (A/C.5/62/28).

48. He then turned to the Secretary-General's report on the overview of the financing of the United Nations peacekeeping operations: budget performance for the period from 1 July 2006 to 30 June 2007 and budget for the period from 1 July 2008 to 30 June 2009 (A/62/727), which provided responses on the implementation of requests by the General Assembly in its resolution 61/276 and of recommendations by the Advisory Committee in its report on the administrative and budgetary aspects of the financing of United Nations peacekeeping operations (A/61/852) as endorsed by the General Assembly.

49. In particular, in response to the Advisory Committee's request that the Secretary-General should identify resources in the field and at Headquarters devoted to the budget process, the report presented field budget process improvements, including the roles, responsibilities and resources for all actors in the budget process (A/62/727, paras. 17-20); pursuant to resolution 61/276, the report presented steps taken by the Secretariat to improve budget assumptions and forecasts (para. 21); and pursuant to resolutions 60/266, 61/244 and 61/276, the report provided updated information on the pending reappointment of staff members who had reached four years on an appointment of limited duration by 31 December 2006 and on the reappointments of mission staff made between 1 January and 31 December 2007 (paras. 31 and 32). The report also provided information on measures taken to increase the use of national staff in United Nations peace operations, pursuant to requests from the General Assembly (paras. 34 and 35), as well as information on the review of the standards for the recruitment of National Professional Officers requested in resolution 61/276 (paras. 36 and 37). Pursuant to the Advisory Committee's suggestion that it could be more effective to second a staff member to a new or expanding mission for up to a year, thereby allowing

the sending mission to fill the vacancy while not disrupting the receiving mission, the report provided information on temporary duty assignments (paras. 38 and 39); pursuant to a request by the Advisory Committee, the report provided information on the cost of supporting United Nations Volunteers (paras. 40-43).

50. Pursuant to resolution 61/276, the report provided information on progress made in the area of further strengthening coordination with relevant United Nations entities in the area of air operations (paras. 44-49); pursuant to resolution 60/267, the report provided an assessment of the pilot project for the regional aviation safety office at the United Nations Logistics Base at Brindisi (paras. 50-54); pursuant to resolution 61/276, the report included information on progress made towards the global management of spare parts (paras. 55 and 56); also pursuant to resolution 61/276, the report included information on the review of the current business model for the provision of fuel, measures taken to improve fuel management and information on experience with the mission electronic fuel accounting system and fuel log system, as well as plans to introduce alternative systems (paras. 57-60).

51. Pursuant to a request by the Advisory Committee, the report included information on measures to ensure that adequate provision of good quality rations was borne in mind while concluding the global contract on rations (paras. 61-65); pursuant to resolution 61/276, the report provided updated information on the rapid deployment of military resources (paras. 66-69); the report also presented information on the review of the payment of the mission subsistence allowance to staff officers during in-mission travel requested in resolution 61/276 (para. 70). Pursuant to resolution 61/276, the report provided information on arrangements for cooperation and coordination between the conduct and discipline units, the Office of Internal Oversight Services and other entities within and outside the United Nations system, both at Headquarters and in the field (paras. 71-79); and, lastly, the report presented progress made in response to the recommendation contained in resolution 59/300 that the Secretary-General should carry out a comprehensive review of welfare and recreation for all categories of peacekeeping personnel and submit proposals to the General Assembly, and should provide to the Special Committee on Peacekeeping Operations a comprehensive strategy for assistance to victims of sexual exploitation and abuse (paras. 80-82).

52. Pursuant to resolution 59/296, the report also presented proposed management initiatives both at Headquarters and in field missions. The latter included initiatives regarding partnerships, country team coordination and integrated missions.

53. The report also provided summaries of financial information relating to budget performance for 2006/07, including planned and actual vacancy rates; proposed resource levels for 2008/09; the status of the Peacekeeping Reserve Fund; management of contingent-owned equipment and liabilities to troop- and formed police-contributing countries; and death and disability compensation. Actions to be taken by the General Assembly were presented in chapter VIII of the report.

54. Turning to budget performance for the period from 1 July 2006 to 30 June 2007, he said that the 2006/07 performance reports reflected continuing efforts to make the results-based budgeting frameworks more concrete, streamlined and reader-friendly. The total approved budget for 2006/07 amounted to $5.4 billion, inclusive of the Logistics Base and the support account. The related expenditure amounted to $5.2 billion, resulting in an overall unencumbered balance of $0.2 billion. The overall budget implementation rate was 95.5 per cent, compared to 91 per cent for the prior period.

55. Turning to proposed resources for the period from 1 July 2008 to 30 June 2009, he said that, in compliance with the request in resolution 61/276 that future budget proposals and performance reports should include information on the most significant management decisions relating to the mission's budget and its implementation, a new chapter entitled "Planning assumptions and financial resources" had been introduced in the budget reports of all missions. The 2008/09 budgets also reflected in the results-based budgeting frameworks the planned improvements under the support component. The overall peacekeeping budget for 2008/09, inclusive of the Logistics Base and the support account, was projected at $7.4 billion. However, those requirements did not take account of decisions that might be taken by the General Assembly at its sixty-third session in respect of the Secretary-General's human resources reform proposals, which could have financial implications for

individual peacekeeping missions, or the enterprise resource planning system and the restructuring of the Office of Military Affairs of the Department of Peacekeeping Operations, which could affect requirements for the support account.

56. To increase transparency in the application of vacancy rates, the 2008/09 budgets included, under the chapter on planning assumptions and financial resources, a comparison of actual vacancy rates for the 2006/07 performance period, budgeted vacancy rates for the 2007/08 budget period and projected vacancy rates for the 2008/09 proposed budget period.

57. He then introduced the comprehensive report of the Secretary-General on conduct and discipline including full justification of all posts (A/62/758), submitted pursuant to resolution 61/276. The report, which had been delayed owing to additional technical and substantive consultations, identified personnel functions arising from the comprehensive strategy to address issues of conduct and discipline in peacekeeping missions delineated in the report of the Special Committee on Peacekeeping Operations (A/59/19/Rev.1), reviewed their performance by the Conduct and Discipline Unit at Headquarters and conduct and discipline teams in the field, and described progress made thus far in reducing and eliminating serious misconduct in peacekeeping missions. Since the functions performed by conduct and discipline staff were ongoing, fully integrated into the mandates and operations of the Departments of Peacekeeping Operations and Field Support and the missions, and not to be considered temporary in nature, it was proposed to convert into posts all general temporary assistance positions at Headquarters and in the field for the budget period 2008-2009. The General Assembly was also requested to approve the use of uniform nomenclature, namely "Conduct and Discipline Units", for Headquarters and missions.

58. He then introduced the report of the Secretary-General on peacekeeping best practices (A/62/593 and Corr.1), which, pursuant to resolution 61/276, provided an overview of the policy on capturing best practices in peacekeeping, including how information on best practices was being utilized in mission planning, as well as of efficiency gains and improvements in effectiveness made as a result of those efforts; described the methodology and tools used for managing best practices in peacekeeping operations since the introduction in 2005 of a new system which linked the identification and sharing of best practices in the field to the development of guidance materials reflecting those lessons; and included an initial assessment of the early impact of the system, highlighting the resulting improvements in efficiency, effectiveness and mission planning. The General Assembly was asked to take note of the report.

59. The note by the Secretary-General entitled "Comprehensive report on training in peacekeeping" (A/62/676) provided information on progress made in the integration of peacekeeping training activities, including the establishment of the Integrated Training Service and the relocation of its Training Delivery Section to the United Nations Logistics Base at Brindisi, Italy. As indicated in the note, a training strategy for the Service had been formulated and widely discussed, both within the Departments of Peacekeeping Operations and Field Support and with Member States. The strategy would be implemented over the next calendar year and would include a full review of the training needs of Member States, field missions and Headquarters. As a result of the refocusing of the Service's efforts, the Secretary-General was unable to submit a detailed report at the present time. It was expected that the complete report would be submitted for consideration by the General Assembly at its resumed sixty-third session.

60. Lastly, responding to concerns raised at the Committee's previous meeting regarding the status of documentation, he said that all budget proposals, performance reports and related special subject reports had been produced by the Secretariat and had been, or were in the process of being, translated. That output — which amounted to almost 3,700 pages and consisted of 44 separate documents and 33 sets of supplementary information — was the end result of a process of collaboration across departments that had begun in September 2007 and had been completed on a phased basis ending in the current month. Throughout the period since the start of the Advisory Committee's review in February 2008, the Secretariat had followed established practice and ensured a continuous flow of documents. As a result, peacekeeping documents had been available for review at all times. The Secretariat was, however, aware that the Advisory Committee had had other demands on its time.

61. While the early stages of preparation in the missions and the Department of Field Support had met planned schedules, the scrutiny required of those broad

and complex proposals had proved more involved than anticipated and the effort to produce high-quality documents that were both coherent and sound from a budgetary and organizational point of view had been particularly challenging.

62. Furthermore, the review carried out by the Office of Programme Planning, Budget and Accounts had required a review of earlier reports and comments and of previous recommendations of the Advisory Committee, the Fifth Committee, the Board of Auditors and the Office of Internal Oversight Services. The exceptionally high level of resources sought by the missions — more than two and a half times those sought five years earlier — had made that process particularly arduous. Since only some of the resources sought in the initial proposals had been adequately justified, it had been necessary to verify which requests should be supported and which rejected.

63. A number of subsidiary factors had added to the time required to complete documents. The production of the 2008/09 budgets for the African Union-United Nations Hybrid Operation in Darfur and the United Nations Mission in the Central African Republic and Chad in April 2008 was a direct consequence of the adoption of their initial budgets the previous December, since work that would have normally begun three months earlier had not begun until January 2008. Moreover, it had been necessary to prepare budgets without the expenditure experience of prior financial periods.

64. The issuance of the budgets for the United Nations Interim Administration Mission in Kosovo and the United Nations Mission in Ethiopia and Eritrea, meanwhile, had been delayed by political factors. In particular, the uncertain and changing political situation on the ground had made it necessary to defer their budgets mid-process. Consequently, they had been issued in April as opposed to two months earlier.

65. In addition, there had been capacity issues in the Peacekeeping Financing Division owing to vacancies and the extended sick leave of a key staff member. Steps had been taken to ensure that a D-2-level officer-in-charge was in place to direct the Division's work. The Division's staffing situation was, however, a somewhat temporary aberration. In terms of steps to be taken to obviate delays in the future, there was a need for adequate time to scrutinize proposals in depth so as to ensure that only the minimum necessary resources were proposed.

66. Taking a longer-term perspective, he reiterated the point made by the Chairman of the Advisory Committee at the Committee's previous meeting that the procedures put in place by resolution 49/233 A were no longer working as intended. When the new arrangement had been instituted in May 1996, the level of resources being sought had been around $1.3 billion. The Organization was now trying to process five times as many resources in the same time frame. It was no surprise that the system was under strain.

67. Under the circumstances, the Committee might wish to consider whether it was attempting to achieve the impossible. If so, it might wish to switch its May time slot with the June time slot of the Committee for Programme and Coordination. Approval of peacekeeping budgets in June instead of May would adequately meet the financial cycle's needs, while the additional month would ensure there was sufficient time to produce properly analysed and well-constructed budget proposals. Such a timetable change might not appeal to everyone but, compared to such other options as producing less detailed and less researched budgets or adding posts, it was probably the best practical option available.

68. After noting that all the required reports of the Secretary-General had been completed and would soon be available in all official languages, he assured the Committee that the Secretariat fully appreciated the difficult task ahead of it and would do everything in its power to provide such information as it requested as expeditiously as possible.

69. **Ms. McLurg** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee (A/62/781), said that although it had been completed without the benefit of many proposed peacekeeping budgets owing to their late issuance, it contained observations and recommendations on a wide range of peacekeeping-related issues. The Advisory Committee's conclusions and recommendations with regard to the Secretary-General's reports on peacekeeping best practices (A/62/593 and Corr.1), conduct and discipline (A/62/758) and training in peacekeeping (A/62/676) were contained in chapter X of its report, while those relating to the Secretary-General's report on the Office

of Military Affairs (A/62/752) and preliminary report on the implementation of resolution 61/279 (A/62/741) would be reflected in its report on the support account for peacekeeping operations. The Advisory Committee had issued separate reports on closed peacekeeping missions (A/62/816) and the proposed consolidation of peacekeeping accounts (A/62/818). Its reports on National Professional Officers, death and disability compensation and contingent-owned equipment would be taken up at its current session.

70. With respect to budget presentation and results-based budgeting, the Advisory Committee welcomed the inclusion in mission budget proposals of new sections on efficiency gains and planning assumptions, but recommended that the chapter on planning assumptions should be precise and specific and include a summary of changes compared with the previous budget. Noting that information on the activities of other United Nations entities in integrated missions, included in some budgets, facilitated better understanding of the integration of the efforts of various partners in the field, it recommended that information on cost-sharing arrangements for seconded posts should be included in future budget proposals for integrated missions.

71. With regard to results-based budgeting frameworks, the Advisory Committee regretted that the quality of budget presentations remained uneven. The Secretariat should continue to improve the results-based budgeting presentation, including by linking the frameworks more closely to resources requested.

72. With respect to financial management and budgetary issues, the Advisory Committee noted that, despite the allocation of significant resources, the system was not working well. The Advisory Committee recalled the observations of OIOS in its report on the comprehensive management audit of the Department of Peacekeeping Operations (A/60/717), in which it recommended that the Department of Management and the Department of Peacekeeping Operations should take immediate steps to reorganize the budget process and consolidate budget functions. The Advisory Committee recommended that the General Assembly should request the Secretary-General to present options in that respect to the General Assembly at its resumed sixty-third session.

73. With respect to management issues, the Advisory Committee cautioned against the application of a template approach and requested that resource requirements should be based on the specific mandates of each mission. In that regard, while not questioning the need for missions to have a joint operations centre and a joint mission analysis cell, it queried the need to retain separate units in the context of each mission. Moreover, the Advisory Committee emphasized the importance of adequate and continuous oversight in field missions, agreed with the Board of Auditors that OIOS should expedite the filling of its Resident Auditor posts, and recommended that the General Assembly should request the Secretary-General to conduct an analysis of the causes and effects of the high rate of turnover of resident auditors, identify measures to mitigate the problem, and report thereon to the Assembly at its resumed sixty-third session.

74. With respect to military and police, the Advisory Committee noted the increasing use of maritime and other waterborne forces among military contingents and recommended that experience gained in that context should be used to promote greater efficiency in future deployments. It also noted the increasing deployment of police officers and formed police units to missions and understood that the Police Adviser intended to undertake a strategic review of the functions and structure of the Police Division to determine how best to meet its current mandates and responsibilities.

75. With respect to civilian personnel, the Advisory Committee noted with concern the continuing high vacancy rates in many missions and observed that the deployment of "tiger teams" was costly and not a long-term solution. As indicated in its previous general report (A/61/852, para. 39), the Advisory Committee favoured enhanced delegation of authority to mission officials with regard to recruitment and recommended that it should be accompanied by appropriate steps to ensure accountability.

76. With respect to operational costs, the Advisory Committee noted that air transportation expenditures in 2006/07 had amounted to $566 million. For 2008/09, a United Nations fleet of approximately 300 aircraft was envisaged. Air operations clearly accounted for a large share of peacekeeping expenses and initiatives to achieve economies should be pursued, where feasible; safety and operational requirements should not, however, be compromised. The Advisory Committee recommended that the General Assembly should request the Secretary-General to report on measures to

improve the cost-effective acquisition, contracting and management of air services, taking into account the findings of a consultant and the audit of air operations by OIOS. Fuel was another major item of expenditure and, as a high-value commodity, the scope for misappropriation was considerable. The Advisory Committee noted the measures taken in that regard and recommended that the Secretary-General should be requested to report on progress achieved in the next overview report.

77. Turning to other reports on cross-cutting issues, she said that, with regard to peacekeeping best practices, the Advisory Committee noted the work carried out by best practices sections. While the Advisory Committee recognized the importance of sharing lessons, it cautioned against assigning disproportionate importance to the process of developing best practices at the expense of the actual tasks to which a practice related. It was concerned that personnel with important substantive tasks might spend precious time complying with reporting requirements. Furthermore, lessons could be learned in many ways, some of them informal, as evidenced by the apparent success of communities of practice — facilitated e-mail networks that connected specialists with their counterparts in other missions. Moreover, care should be taken to ensure that the codification of best practices did not stifle creativity in problem-solving by prescribing standard procedures that might not be appropriate in all environments. The Advisory Committee also stressed that the sharing of lessons learned was the responsibility of all United Nations personnel. While the placement of dedicated best practices officers in individual missions might have some advantages, efforts must be made to mainstream best practices throughout the system through systematic sensitization, including training.

78. With regard to conduct and discipline, the Advisory Committee noted that the Secretary-General's report on the subject (A/62/758) sought approval of the principle of converting all conduct and discipline positions to posts for the 2008/09 period. In the Advisory Committee's view, the conduct and discipline function in peacekeeping was still evolving. In fact, the improvements cited in the Secretary-General's report pointed to the possibility that the Organization could be faced with a need for fewer conduct and discipline personnel in the future. In addition, two major issues that could have an impact on conduct and discipline activities, namely those relating to the strengthening of investigations and the internal system for the administration of justice, were awaiting a decision by the General Assembly. Furthermore, revisions to the model memorandum of understanding between the United Nations and the troop-contributing countries, finalized in July 2007, could mean that some aspects of the work of the conduct and discipline teams would be shifted to the Governments of those countries or other entities. The Advisory Committee was therefore of the view that it was prudent to retain some temporary staff as part of the conduct and discipline unit and teams. Accordingly, the Advisory Committee recommended against approval of the Secretary-General's proposals to convert all conduct and discipline positions funded under general temporary assistance to posts. It would consider specific staffing requests in the context of the proposed budgets for the support account and individual missions.

79. Regarding training in peacekeeping, the Advisory Committee regretted that the Secretary-General had not been able to submit the report requested in resolution 60/266 within the time frame specified by the General Assembly. The Advisory Committee recommended that the Secretary-General should complete the report as soon as possible and submit it to the Assembly no later than at the main part of the sixty-third session. The report should include clear criteria for the holding of training courses at Headquarters, at the United Nations Logistics Base at Brindisi, or at mission locations, with a focus on reducing the costs of travel for training; guidelines regarding the use of in-house expertise versus consultants to carry out training; information on the languages used for training; and a concept for the allocation of training resources among civilian, military and police personnel. The Advisory Committee also expected that the report would provide information concerning expected benefits to be derived through training, including efficiency gains.

80. **Ms. Ahlenius** (Under-Secretary-General for Internal Oversight Services), introducing the report on the activities of the Office of Internal Oversight Services for the period from 1 January to 31 December 2007 (A/62/281(Part II)), said that, over that period, OIOS had issued 154 oversight reports related to peace operations. The recommendations made in that connection, accounting for 54 per cent of the total made over the same period, focused on four areas of risk: governance-related risk, compliance-related risk,

financial risk and operational risk. Risk was the threat that an event or action would adversely affect the Organization's ability to achieve its objectives and execute its strategies successfully. Two varieties of risk — compliance-related risk and financial risk — were a particular source of concern.

81. Compliance risk was the impact on the mandate, operations or reputation of the Organization arising from violations of, or the failure or inability to comply with, laws, rules, regulations, prescribed practices, policies, procedures or ethical standards. The relevant section of the report referred mainly to investigations of sexual exploitation and abuse begun in 2006, but for which final reports had not been issued until 2007. The number of such allegations reported to OIOS, especially of the more serious (category I) misconduct, which had already declined in 2006 relative to 2007, appeared to have further declined in the first four months of 2008.

82. The Office reiterated its commitment to the Secretary-General and the Member States that all credible allegations would be investigated in a timely and thorough manner to reinforce the Organization's zero tolerance of sexual exploitation and abuse. The ongoing specialization and proposed restructuring of the OIOS Investigations Division aimed to achieve that objective with greater timeliness and fewer resources.

83. Among the compliance-related cases investigated by OIOS was one unconnected with sexual exploitation and abuse which had been the focus of recent media scrutiny. The Office had been accused of ignoring, minimizing or shelving allegations of serious misconduct on the part of national contingents in the United Nations Organization Mission in the Democratic Republic of the Congo involving the exploitation of natural resources and trafficking of weapons and ammunition. The accusations were without foundation, the media having relied on old and well known rumours and having failed to respond to the OIOS request for any new evidence. Any additional reports or information would of course be assessed and possibly investigated.

84. Financial risk was the impact on the mandate, operations or reputation of the Organization arising from failure to obtain sufficient funding, inappropriate use of funds, inadequate management of financial performance or inappropriate reporting and disclosure of financial performance. In MONUC alone, the OIOS Procurement Task Force had investigated over 40 allegations of corruption and procurement irregularities, finding extensive corruption facilitated by poor management, particularly failed internal controls.

85. Audits, inspections or evaluations by OIOS often enabled it to report on risks before a cost to the Organization resulted. Having audited a management systems contract for peacekeeping missions, OIOS had found internal control weaknesses in procurement, from the planning stage to vendor performance evaluation and payment. However, implementation of its recommendations in MONUC had come too late to avert the irregularities.

86. Proper internal controls were a core responsibility of management, and their failure had serious consequences for the Organization. Oversight was a shared responsibility of Member States, the participating organizations and internal and external oversight bodies, as the General Assembly had noted in its resolution 62/246 on the report of the Joint Inspection Unit for 2007 and programme of work for 2008. The Office was fully committed to fulfilling its part of that responsibility. Recalling that the General Assembly, in its resolution 62/232 on the financing of the African Union-United Nations Hybrid Operation in Darfur had requested a comprehensive review by OIOS of the use of extraordinary measures in connection with that Mission, she indicated that the review was well under way and that it would be presented to the General Assembly at the second part of its resumed sixty-third session.

87. **Mr. Sach** (Controller), introducing the note containing the comments of the Secretary-General on part two of the annual report of the Office of Internal Oversight Services (A/62/281(Part II)/Add.1), said that, with regard to the reference by OIOS to a wide range of exceptions from the application of financial rules and administrative policies and procedures in the establishment of the African Union-United Nations Hybrid Operation in Darfur, the Secretary-General clarified that he had acted within his authority and approved no exceptions to the Financial Regulations and Rules of the Organization.

88. With regard to the OIOS view that the results-based budgeting instructions issued by the Department of Peacekeeping Operations and the Office of Programme Planning, Budget and Accounts should be

consolidated into a single guidance document, the Secretary-General indicated that instructions issued by the Controller regarding the formulation of results-based budgeting frameworks by the missions addressed basic concepts, while the instructions established by the Department of Peacekeeping Operations were more mission-specific.

89. Concerning the observation by OIOS that peacekeeping missions were uncertain how to deal with the adjustments made necessary by the time-lag between the establishment of budget proposals and the implementation period, the Secretary-General pointed out that mission budgets were prepared in accordance with the timelines for budget review established by the legislative bodies.

90. Responding to the reference made by OIOS to results-based budgeting frameworks lacking in baselines and targets for measurability, and to what it described as the request by the Department of Management to delete references to measurability issues, the Secretary-General said that, when commenting on the draft OIOS report, the Department of Management had in fact requested the removal or reformulation of a specific sentence on measurability, rather than all mention of measurability issues.

91. **Mr. Blaj** (Slovenia), speaking on behalf of the European Union; the candidate countries Croatia, the former Yugoslav Republic of Macedonia and Turkey; the stabilization and association process countries Albania, Bosnia and Herzegovina, Montenegro and Serbia; and, in addition, Armenia, Liechtenstein, Moldova and Ukraine, expressed regret at the late issuance of a number of the reports currently before the Committee.

92. It was not good practice for the Committee to be discussing advance, unedited copies of reports, and it was unfortunate for the Advisory Committee to have been obliged to establish its report on cross-cutting issues (A/62/781) before considering the budgets of the individual peacekeeping missions. However, the reports in question raised important issues which lay at the heart of effective and efficient peacekeeping — budgeting, skills gaps, effective management of resources and better and closer cooperation with mission partners — and thereby provided a welcome opportunity to improve the way in which peacekeeping operations were managed and resourced.

93. **Mr. Sena** (Brazil), speaking on behalf of the Group of 77 and China, said that, while each peacekeeping operation had its own mandate and challenges, and functioned in a unique environment, resolutions on cross-cutting issues could provide comprehensive guidance for the Department of Peacekeeping Operations and Department of Field Support on matters common to all operations. Decisions on the resources and staffing of individual operations should take the form of individual mission budget resolutions, however. Full implementation of General Assembly resolution 61/276 and other resolutions on cross-cutting issues was critical to the efficient and effective functioning of peacekeeping missions. Although the Secretariat had made efforts in that regard, the overview report of the Secretary-General (A/62/727) had not adequately addressed some matters.

94. The Secretary-General was accountable to Member States for ensuring the timely submission of quality reports. The late submission of reports on peacekeeping matters seriously undermined the Fifth Committee's and Advisory Committee's preparations, their work and the quality of their deliberations. The Group regretted that the General Assembly had received no information in response to the request, made in its resolution 61/276, for reports on the use of consultants, on an effective mechanism for evaluating the use of outside expertise, and on death and disability claims, and expected a full explanation of the status of those reports.

95. The Group was concerned that the high vacancy rates in all peacekeeping missions could prevent them from fulfilling their mandates, and called for the underlying issues to be addressed. The Secretariat's efforts in that regard, including delegating to the missions authority for recruitment, should be accompanied by accountability measures, and recruitment itself should pay attention to equitable geographical distribution and gender balance, targeting female recruits from developing countries. Recruiting national staff would help to overcome the continuing problem in all peacekeeping missions.

96. It was extremely unfortunate that no consensus had been reached at the first part of the resumed sixty-second session on harmonizing conditions of service and streamlining contractual arrangements, as such steps would have helped to reverse high vacancy rates and to retain valuable and experienced staff.

Eliminating mission-specific appointments would have helped human resources management in peacekeeping. The Group hoped for progress at the main part of the sixty-third session.

97. Consistent with results-based budgeting, the General Assembly should adopt coherent and consistent mandates and allocate the resources for their implementation. The way to guarantee implementation was to benchmark specific, measurable, attainable, realistic and time-bound mandates and objectives. The Secretary-General should ensure gradual implementation of results-based management so as to improve budget implementation and make programme managers more accountable.

98. Unreservedly supporting the policy of zero tolerance of sexual exploitation and abuse, the Group noted the Secretary-General's three-pronged approach of prevention, enforcement and remedial assistance. Training, awareness-raising and appropriate development measures and quick-impact projects could help to prevent such abuse. The Group had long supported quick-impact projects, which should be fully implemented, without artificial deadlines. Their extension should be closely linked to the situation on the ground and the specificities of each mission.

99. **Mr. Poulin** (Canada), speaking on behalf of Canada, Australia and New Zealand (CANZ), reaffirmed the vital contribution of peacekeeping activities to the security and well-being of the world's population and commended peacekeeping personnel, both at Headquarters and in the field, for their sterling efforts.

100. The late issuance of documentation remained cause for serious concern. A significant number of documents, including the majority of the Advisory Committee's reports, were due to be submitted late, thus violating several General Assembly resolutions and hindering the Assembly's careful consideration of the budget proposals. Given the unprecedented level of the peacekeeping budget, it was more important than ever to ensure that the General Assembly could exercise its vital oversight role. His delegation looked forward to discussing the interesting solutions to the problem proposed by the Advisory Committee and, for its part, took the view that postponing the second part of the resumed session until June might improve matters.

101. Given the recent surge in peacekeeping activities and the concomitant increase in the budgets of peacekeeping operations, the Secretariat must ensure that it remained accountable for the management of those operations and that its managerial practices were efficient and innovative. Increased assessment levels meant that the consequences of non-payment were even more significant. Accordingly, his delegation urged all Member States to pay their assessed contributions in full, on time and without conditions. In that connection, the Secretary-General's proposal regarding the consolidation of peacekeeping accounts could contribute to the rapid reimbursement of troop- and police-contributing countries.

102. As far as budget presentation was concerned, the relevant documents should contain more detailed information on and justification of operational costs. Additional information on the activities of other United Nations entities working in the integrated missions should also be provided, so as to facilitate better understanding of the integration of the efforts of various partners in the field. His delegation agreed with the observations on results-based budgeting made by the Advisory Committee and the Office of Internal Oversight Services. In the context of peacekeeping, results-based budgeting should be more than merely a paper exercise; it should serve both as an instrument to strengthen accountability and as a management tool to assess performance and improve the utilization of resources.

103. A total of 187 posts in the field and at Headquarters were devoted to the budget process. The time had come to undertake an in-depth review of that process with a view to streamlining it. While his delegation acknowledged the usefulness of new measures, such as the Abacus initiative, designed to assist missions with budget preparation, it also saw merit in the Advisory Committee's recommendation that the budget process should be reorganized in order to consolidate Headquarters functions.

104. Turning to the question of air operations, his delegation looked forward to discussing in detail the findings of the analysis of the impact of the new costing structure, in particular the conclusions concerning the link between that structure and other dependent areas, and the need to move from an invitation-to-bid procurement approach to a performance oriented request-for-proposals approach.

105. The Board of Auditors had indicated that a number of posts funded through the support account appeared to have no link with peacekeeping. The Secretary-General should clarify that situation. His delegation had also taken note of the Board's concerns regarding the high incidence of cancellations of prior-period obligations, which might be indicative of an apparent overstatement of expenditure in previous years. It also shared the views of the Board and the Advisory Committee on the inadequate recording of non-expendable property, which exposed the Organization to unnecessary risks. Strengthened controls were needed in that area.

106. He had taken note of the Secretary-General's comprehensive report of conduct and discipline including full justification of all posts (A/62/758) and was encouraged by the drop in the number of alleged cases of sexual exploitation and abuse by peacekeeping personnel. Australia, Canada and New Zealand fully supported the Secretary-General's proposed conversion of all conduct and discipline general temporary assistance positions to posts. Although the structures of the conduct and discipline units, as well as their resource requirements, would change in future, the functions performed by the incumbents of those positions were ongoing and should be regularized. Since all peacekeeping posts were inherently temporary, there was no sound justification for continuing to finance them through general temporary assistance, which was intended for other uses.

107. Lastly, he expressed disappointment at the General Assembly's inability to make progress on the important question of human resources management. The current system failed to promote the attraction and retention of talented and experienced peacekeeping staff, and was thus partly responsible for the high vacancy and turnover rates in peacekeeping operations.

108. **Mr. Ruiz Massieu** (Mexico), speaking on behalf of the Rio Group, said that a review of all the cross-cutting issues relating to peacekeeping mission budgets was important to ensure rationalization, efficiency and accountability. He regretted that some of the reports which the General Assembly had requested in its resolution 61/276, namely those on consultants, National Professional Officers and compensation for death and disability, would not be before the Committee at the second part of the resumed session. As the expected report of the Working Group on Contingent-Owned Equipment was also missing, the Group would like to know what procedure should govern discussion of the related financial implications and their analysis by the Advisory Committee.

109. While the Organization's peacekeeping mission practices should be coherent and uniform, and provide a basis for achieving national reconciliation and security and consolidating lasting peace and sustained economic growth, each individual mission's mandates and specificities should also be considered.

110. The necessary structure and support should be put in place to build a body of career peacekeepers, encompassing steps to recruit, train and retain staff and taking into account the need for equitable geographical distribution, gender parity and appropriate language skills. Conditions of service and contractual arrangements must respond to the needs of missions in the field and accommodate the implementation of human resources strategies. The lack of progress in human resources reform was disappointing.

111. The Group reaffirmed its support for zero tolerance of misconduct on the part of United Nations or associated personnel and therefore welcomed the comprehensive strategy for assistance to victims of sexual exploitation and abuse and the development of standardized operating procedures to provide comprehensive guidance on the follow-up process for disciplinary matters at Headquarters and in the field. The follow-up process should allow for transparent investigations, clear results and the adoption of preventive measures, in accordance with recent General Assembly resolutions.

112. The Group supported the payment of mission subsistence allowance to staff officers during in-mission official travel. It would like information, in the informal consultations on the matter, regarding current categories and death and disability compensation. The Group also emphasized the importance of good quality rations and avoiding spoilage. It hoped to receive more information in informal consultations on the current situation in that regard.

113. As the Advisory Committee had urged completion of the comprehensive review of transport requirements in large missions, which had failed to be completed by the end of 2007 as envisaged, the Group would like the Secretary-General to formulate conclusions and recommendations on how to meet missions' existing transport needs, using all modes of transport as efficiently as possible and taking account

of different countries' political circumstances and infrastructure. As missions were often unable to fulfil their mandates without air transport, the Group would like information in informal consultations on improving the cost-effectiveness of air operations procurement, contracts and management.

114. Equitable, open and transparent access to procurement opportunities should be available to all Member States. Diversifying sources of procurement, particularly in the direction of developing countries, would be in line with the recommendation made by the Advisory Committee in its report on cross-cutting issues (A/62/781) that the Secretariat should continue exploring all options for procurement savings.

115. The Group hoped that efforts at Headquarters and in the field to improve the global management of spare parts and establish inventory classifications to identify fast-moving and slow-moving stocks would rationalize purchasing and stock levels. Recognizing that fuel represented a large part of peacekeeping missions' annual expenditure, it welcomed the plan to replace the Mission Electronic Fuel Accounting System with an improved Electronic Fuel Management System at the beginning of 2009 and would like information from the Secretary-General on the progress made in that regard.

116. Greater efforts should be made to ensure the implementation of quick-impact projects, a low-cost, valuable means of strengthening links between peacekeeping missions and the local population, and to improve the infrastructure needed for missions to fulfil their mandates. The Group was pleased that the General Assembly had approved guidelines for quick-impact projects and that such projects were included in the budgets of individual peacekeeping missions.

117. The widening of peacekeeping mandates made it all the more important to define clearly what such missions could and could not do. Whenever possible, the General Assembly should select accepted best practices, on the basis of recommendations from the Secretariat, in order to establish standards for peacekeeping missions. However, as the Advisory Committee had recommended in its report on cross-cutting issues (A/62/781), codification of best practices should not stifle creativity in problem-solving by prescribing standard procedures that might not be appropriate in all environments.

118. **Mr. Lim** Ki-keun (Republic of Korea) expressed his sincere appreciation for the work done by peacekeeping personnel, both at Headquarters and in the field, and stressed the new Korean Government's willingness to contribute actively to the strengthening of United Nations peacekeeping activities. In order to further enhance global security and prosperity, Member States must provide the Secretary-General with the financial and human resources needed for those activities but, since the Organization's peacekeeping budget now far exceeded its regular budget, priority attention should be devoted to improving the efficiency of the peacekeeping budgets.

119. At the macro level, the creation of structured linkages among the three different phases of peacekeeping activity could reduce its total cost. First, at the predeployment stage, greater emphasis should be placed on the prevention of disputes and conflicts, so as to reduce the need for peacekeeping operations. In that connection, it was regrettable that the question of strengthening the Department of Political Affairs had been deferred to the sixty-third session of the General Assembly.

120. Second, at the deployment stage, more vigorous efforts must be undertaken to facilitate the rapid deployment of peacekeeping operations. In addition, since the success of those operations was inextricably linked to high morale among peacekeeping personnel, the new human resources management framework, including streamlined contractual arrangements and harmonized conditions of service, must be implemented on 1 July 2009, as stipulated in General Assembly resolution 62/248. Third, careful management of the post-peacekeeping phase was crucial in order to prevent the recurrence of conflicts. Peacebuilding and development initiatives should be properly planned and implemented, with appropriate financial resources and well-structured delivery mechanisms.

121. At the micro level, some progress had been made in improving the administrative and budgetary aspects of peacekeeping operations. However, the findings of the Board of Auditors and OIOS clearly demonstrated that more needed to be done to tackle the remaining governance, compliance, financial and operational risks, and his delegation had taken note with concern of the various cases of misconduct described in the Secretary-General's comprehensive report of conduct and discipline. While his delegation was also concerned about the Secretariat's failure to implement results-based budgeting techniques across the board

and about the potential undermining of budgetary discipline as a result of duplication of work, the squandering of resources and overassessment, it took the view that those problems should and would be resolved through the collaborative efforts of Member States and the Secretariat.

122. **Mr. Traystman** (United States of America) paid his deepest respects to those United Nations peacekeepers who had lost their lives in the line of duty and commended all peacekeeping personnel for their professionalism and dedication.

123. In view of the rapid increase in the Organization's expenditures, every effort must be made to use available resources as effectively as possible. The total proposed peacekeeping budget for the period 2008/09 exceeded $7 billion — almost twice the level of the regular budget for the current biennium — and a record number of almost 110,000 military and civilian personnel were currently deployed in the field. In order to ensure the optimum and transparent use of the resources provided by Member States, strong management, efficient and effective implementation of mandates and high levels of accountability were essential. The Fifth Committee must closely examine the proposals before it with a view to making sure that the Organization had the human and financial resources necessary to meet current and future challenges.

124. In that connection, it was imperative for the Committee to have adequate time to consider all the reports before it, including the proposed budgets of individual peacekeeping missions. In order to ensure the timely delivery of reports to the Advisory Committee, the documents preparation process must be improved. His delegation therefore urged the Secretary-General to work with the heads of the relevant departments in order to devise an acceptable solution to the problem.

125. The various cross-cutting issues to be discussed at the current resumed session were essential for the successful management of peacekeeping operations and should be fully reflected in the relevant draft resolution. With regard to conduct and discipline, his delegation recognized the important work being carried out, both at Headquarters and in the field, by the conduct and discipline units, OIOS and other United Nations personnel. The conduct and discipline units were responsible for implementing the relevant rules and regulations, including the Organization's three-pronged strategy aimed at eliminating sexual exploitation and abuse. Those important core functions should be carried out by permanent units located both at Headquarters and in the field.

126. OIOS investigators continued to play a key role in helping to identify and deter potential financial malfeasance in the implementation of peacekeeping mandates. They were also an essential part of efforts to ensure full compliance with the Organization's zero-tolerance policy on sexual exploitation and abuse. While the regional investigation centres proposed by OIOS might contribute to ensuring the optimum use of scarce human and budgetary resources, OIOS investigators must also be deployed to missions where there had been repeated reports of sexual exploitation and abuse by United Nations personnel. In addition, his delegation would continue to press troop-contributing countries to adopt substantive training and disciplinary measures in respect of their national contingents in order to guarantee full respect for and enforcement of the zero-tolerance policy.

127. **Mr. Mukai** (Japan), speaking also on agenda item 125, said that the restructuring of the Department of Peacekeeping Operations and the consequent establishment of the Department of Field Support had strengthened backstopping capacity for peacekeeping operations. However, in view of the unprecedented level of the proposed peacekeeping budget for the period 2008/09, he wished to know how budgetary discipline would be maintained, whether the Secretariat's management structure was effective, efficient and accountable and whether the mechanisms for coordination between the Department of Management and the Department of Field Support during the preparation of the peacekeeping budget had been strengthened.

128. There was no obvious justification for the proposed establishment of an additional 156 posts under the support account. It was also unclear why the resource requirements for the Office of Military Affairs had not been incorporated into the support account, and the relationship between that Office and the Department of Field Support was not adequately explained. Such a piecemeal approach to the budget process prevented Member States from having a full picture of the proposed budget for the support account. It also cast doubt on the supposed civilian control of the Department of Peacekeeping Operations.

129. According to the figures set out in the relevant reports, it was no longer accurate to refer to a surge in peacekeeping operations. Since the number of military and police personnel requested for the period 2008/09 had decreased in comparison to the preceding period, it was unclear why there had been a disproportionate rise in the number of civilian officials.

130. The Secretariat should indicate whether or not General Assembly resolutions 61/246 and 60/268 were being properly implemented. Member States had been waiting for the comprehensive report on the management arrangements for procurement, requested in the former resolution, for 18 months, and for the comprehensive analysis of the evolution of the support account, requested in the latter, for over two years. That analysis, in particular, might have offered some justification for the new resource requirements for the support account, and the Secretariat should therefore submit it as soon as possible.

131. The late issuance of documents relating to peacekeeping activities prevented the Fifth Committee and the Advisory Committee from considering those documents in depth. In that regard, reasons for the persistent violation of the six-week rule should be given.

132. It would appear that, with the authorization of the Controller, peacekeeping missions had the discretion to redeploy resources from underspent to overspent items in order to respond to new challenges on the ground. His delegation would be grateful for clarification of the basis for that practice and for an indication of the outcome of such redeployment in all peacekeeping missions for the periods 2006/07 and 2007/08. In order to avoid the overassessment of Member States, every effort should be made to establish realistic vacancy rates when costing contingents, posts and positions.

133. The cancellation of prior-period obligations in the amount of $202 million might be indicative of an overstatement of expenditures in previous years. Steps should be taken to remedy that situation. His delegation also attached great importance to the promotion of efficient air operations, ground transportation, fuel management, information and communication technology, travel, training and quick-impact projects. In that connection, further measures should be taken to improve the cost-effective acquisition, contracting and management of air services, as well as the management of assets and spare parts. In accordance with the recommendation of the Advisory Committee, the Secretary-General should complete the report on training in peacekeeping as soon as possible and submit it to the Assembly no later than at the main part of the sixty-third session.

134. Lastly, the importance of ensuring effective cooperation with other United Nations entities in the integrated missions could not be overstated. Accordingly, the draft guidelines for the integrated mission planning process should be finalized and made fully operational as soon as possible. Member States' views on that matter should be sought as necessary. Information on the activities and budgets of other United Nations entities in the integrated missions should be included in future budget proposals, as that information facilitated a better understanding of the functioning of the missions concerned, which was particularly important during the drawdown phase.

135. **Mr. Muhith** (Bangladesh) said that, rather than limiting the scope of individual peacekeeping operations, the draft resolution on cross-cutting issues should contribute to the achievement of their objectives. Furthermore, although each operation had a different mandate and faced unique challenges on the ground, peacekeeping activities could be further strengthened by the adoption of a common set of rules.

136. The continuing failure of the Secretariat to provide the necessary documentation had prevented the Advisory Committee from submitting its own reports to the General Assembly in a timely manner. The late submission of documents, no matter how legitimate the reasons for the delays, undermined the ability of Member States to take well-informed decisions and, worse still, made it impossible to ensure the widest possible participation in the decision-making process. Given the persistent nature of the problem, his delegation proposed introducing strict accountability measures, in accordance with the relevant General Assembly resolutions.

137. There were still shortcomings in the results-based budgeting presentation. To rectify the remaining deficiencies, the logical frameworks should be used more efficiently; clearer, results-based criteria should be established to justify the use of resources; and more precise performance indicators should be developed. In that connection, his delegation looked forward to receiving the proposals relating to the new enterprise resource planning system, which were likely to further

enhance the efficiency of the budgetary decision-making process.

138. He expressed concern about the high vacancy rates for civilian personnel in many peacekeeping missions, which had a negative impact on the overall effectiveness and efficiency of the missions concerned. In that regard, he took note of the observations and recommendations set out in paragraphs 34 and 35 of the Advisory Committee's report (A/62/781). For the past 12 years, Bangladesh had contributed at least 10 per cent of the total number of peacekeepers, but it remained underrepresented at the senior civilian level at Headquarters and in field missions. Every effort must be made to rectify that imbalance. In order to facilitate civilian staffing in peace operations, it would be necessary to streamline contractual arrangements and improve conditions of service.

139. **Mr. Chumakov** (Russian Federation) said that, valuing the rational use of Member State contributions for peacekeeping operations, the Russian Federation shared the concern of the Board of Auditors and Advisory Committee that the continued high rate of cancellation of prior-period obligations could lead to excessive expenditure within peacekeeping mission budgets. The Committee should devote close attention to the matter. The difficulties associated with establishing results-based budgets in some peacekeeping missions should also be addressed through greater attention and assistance from Headquarters, keeping in mind that the aim of that budget approach was to enable Member States to check that the Secretariat achieved its objectives.

140. Member States had discussed at length the issue of death and disability compensation and considered it a priority. His delegation therefore wondered why the Secretariat had not submitted for the consideration of the General Assembly the report and information requested in its resolution 61/276. Those who had become disabled or lost their lives in the service of the Organization did not deserve to have the discussion of matters affecting them postponed.

141. Lastly, his delegation would also like the Under-Secretary-General for Internal Oversight Services to provide whatever information had so far emerged from her Office's comprehensive review of the use of extraordinary measures in the context of the African Union-United Nations Hybrid Operation in Darfur.

142. **Ms. Yu** Hong (China) thanked the Controller for his explanation of the reasons for the delayed submission of a number of documents but stressed that that phenomenon had negative repercussions on Member States' deliberations. The Secretariat should therefore conduct a careful review of the situation and submit detailed proposals on possible solutions.

143. The sharp increase in the total peacekeeping budget had placed a significant financial burden on Member States. Ensuring the efficient use of funds and avoiding even the appearance of fraud, corruption and misappropriation were issues of common concern, and her delegation therefore welcomed the measures taken by the Secretariat to strengthen the management of the peacekeeping budgets and to achieve efficiencies. It had also taken note of the deficiencies and problems highlighted in the reports of the Board of Auditors and OIOS. In particular, serious internal control weaknesses were undermining the operational aspects of various peacekeeping missions. The Secretariat should take further steps to address those weaknesses in accordance with the recommendations of the audit and oversight bodies.

144. While the overall budget implementation rate for peacekeeping for the period 2006/07 had been 95.5 per cent, the total unencumbered balance for the same period had amounted to $243 million. In order to address instances of overbudgeting, the Secretariat must ensure that proposed resource requirements were consistent with actual needs on the ground. Furthermore, her delegation concurred with the Advisory Committee that, when costing contingents, posts and positions, every effort should be made to establish realistic vacancy rates so as to avoid the overassessment of Member States.

145. In order to improve the management of peacekeeping operations, the Secretary-General had established the Department of Field Support. To avoid duplication of work in the context of the budget management process, it was essential to delineate the respective functions of the Department of Management and the Department of Field Support. Similarly, careful consideration must be given to ensuring the appropriate division of labour between conduct and discipline units and the Organization's oversight bodies.

146. The management of the Organization's peacekeeping activities was an extremely complex task. The Chinese Government had consistently made

positive political and financial contributions to peacekeeping operations and would continue working to further strengthen their administrative and budgetary aspects.

147. **Ms. McLurg** (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said, if necessary, she would adjust the Advisory Committee's programme of work to ensure that the report of the Working Group on Contingent-Owned Equipment could be considered by the Fifth Committee at the resumed session.

The meeting rose at 1.05 p.m.

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Summary record of the 39th meeting
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Chairman: Mr. Ali. . . . . (Malaysia)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Ms. McLurg

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Agenda item 130: Improving the financial situation of the United Nations (*continued*)

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08-33296 (E)

The meeting was called to order at 10.10 a.m.

Agenda item 130: Improving the financial situation of the United Nations (*continued*)

1. **Mr. Sach** (Controller) said his statement would focus on four main financial indicators: assessments issued, unpaid assessed contributions, available cash resources and debt to Member States. The overall picture of the Organization's financial health was mixed, although there had been improvement in some areas.

2. Turning first to the regular budget, he noted that levels of assessment and payments had both been higher in 2007 than they had been in 2006, by $299 million and $259 million respectively. Unpaid assessed contributions had also increased by $67 million, to $428 million as at 31 December 2007. On a positive note, 140 Member States had paid their regular budget assessments in full by the end of the year, one more than in 2006. He urged all Member States that had not yet done so to pay their assessed contributions for 2007 in full as soon as possible. Of the total of $428 million outstanding as at 31 December 2007, over 95 per cent had been owed by just two Member States.

3. A total of 86 Member States had paid their assessed contributions to the regular budget in full by 7 May 2008, two more than by 16 May 2007. The financial position of the regular budget as at 7 May 2008, as compared to its position on 16 May 2007, reflected the net result of lower assessments and fewer payments received. Unpaid assessed contributions had been $72 million lower on 7 May 2008 than they had been a year earlier. Although payments received by 7 May 2008 had been $50 million lower than those received by 16 May 2007, regular budget assessments for 2008 had also decreased by $174 million. Two Member States had owed over 85 per cent of the $1.2 billion outstanding as at 7 May 2008, and it was clear that the overall financial outcome for 2008 would depend in large measure on the action taken by those States.

4. Cash resources for the regular budget consisted of the General Fund, into which assessed contributions were paid, the Working Capital Fund and the Special Account. The increase in the total funds available as at 30 April 2008 had been attributable to a net increase in payments in the first quarter of 2008. There had been a modest increase in the balance on the Special Account, from $233 million on 31 December 2007 to $235 million on 30 April 2008, because accumulated interest had been credited to the account. As far as the month-to-month cash position was concerned, cash flow continued to be most problematic in October and November. The final position for 2008 would depend, to a great extent, on the action taken by the two Member States with the most significant arrears.

5. A number of factors made it very difficult to predict financial outcomes for peacekeeping activities: demand was unpredictable; the financial period for peacekeeping ran from 1 July to 30 June rather than from 1 January to 31 December; assessments were issued separately for each operation; and, since assessments could only be issued for the mandate period approved by the Security Council for each mission, they were issued for different periods throughout the year. All those factors complicated a comparison between the financial situation of peacekeeping operations and that of the regular budget and the International Tribunals.

6. The total amount outstanding for peacekeeping operations at the end of 2007 had stood at over $2.7 billion, approximately $0.8 billion higher than at the end of 2006. That increase had been primarily due to the expansion of peacekeeping operations and the concomitant increase in assessments over the period in question. Approximately two thirds of the total amount outstanding had been owed by two Member States. Due to the unpredictable levels and timing of peacekeeping assessments, it was often more difficult for Member States to keep fully current with their payments. He therefore paid tribute to the 21 Member States that had, as at 31 December 2007, paid all their peacekeeping assessments in full.

7. Although the cash balance in peacekeeping accounts at the end of 2007 had exceeded $2.1 billion, that amount had been divided between the separate accounts maintained for each peacekeeping operation and there were restrictions on its use. The General Assembly had specified that no peacekeeping mission should be financed by borrowing from other active missions, and the terms of reference of the Peacekeeping Reserve Fund restricted its use to new operations and the expansion of existing operations. As at 31 December 2007, cash in the accounts of active missions had totalled approximately $1.481 billion, the Peacekeeping Reserve Fund had had a balance of

$146 million, and the accounts of closed missions had totalled $564 million.

8. The financial position of peacekeeping operations as at 7 May 2008 had shown some improvement. New assessments amounting to over $2.3 billion had been issued by that date, and contributions totalling over $2.8 billion had been received, thereby reducing the amount outstanding from over $2.7 billion to under $2.3 billion. He wished to pay special tribute to the 28 Member States that had paid all their peacekeeping assessments in full by 7 May 2008.

9. According to current estimates, there would be a total of around $2 billion available in peacekeeping accounts at the end of 2008, with $1.3 billion in the accounts of active missions, $521 million in the accounts of closed missions and $156 million in the Peacekeeping Reserve Fund. Of the $521 million expected to be available in the accounts of closed missions at the end of 2008, $304 million would be used for the payment of outstanding liabilities, such as troop and equipment payments, and $6 million related to closed missions with overall cash deficits. That left only $211 million available for cross-borrowing by other accounts, including the regular budget, the International Tribunals and active peacekeeping operations. Cross-borrowing from the accounts of closed peacekeeping operations had been required in 2007 for five active operations, namely, the United Nations Interim Administration Mission in Kosovo, the United Nations Observer Mission in Georgia, the United Nations Mission for the Referendum in Western Sahara, the United Nations Peacekeeping Force in Cyprus and the United Nations Stabilization Mission in Haiti.

10. With regard to debt to Member States, the total amount owed for troops/formed police units and contingent-owned equipment as at 31 December 2007 had decreased to $779 million. New obligations were projected to increase in 2008, primarily as a result of the deployment of troops to the African Union-United Nations Hybrid Operation in Darfur. It was estimated that the total debt would decrease to $728 million by the end of 2008, thereby allowing the Organization to make payments of $1.8 billion. As at 7 May 2008, the total amount owed had stood at $597 million, approximately half of which had been owed to seven Member States. Projected payments for 2008 were dependent on the timely finalization of memorandums of understanding. As at 1 May 2008, 21 per cent of the total number of memorandums of understanding for all peacekeeping missions had yet to be finalized. Naturally, reimbursement levels would also depend on whether or not Member States complied with their financial obligations to the Organization.

11. The financial position of the International Criminal Tribunal for Rwanda and the International Criminal Tribunal for the Former Yugoslavia had improved in 2007. Outstanding assessments for the two Tribunals had fallen from $51 million at the end of 2006 to $34 million at the end of 2007, with over 82 per cent of that amount owed by four Member States. By 31 December 2007, 105 Member States had paid their assessed contributions for both Tribunals in full — six more than by the same date in 2006 — and he urged the remaining Member States to follow their example.

12. The situation in 2008 had continued to improve. Seven more Member States had paid their assessed contributions to both Tribunals in full by 7 May 2008 than by 16 May 2007, and unpaid assessments as at 7 May 2008 had been $6 million lower than as at 16 May 2007. If recent positive cash flow trends continued, the Tribunals should end the year with positive cash balances. Once again, however, the final outcome would depend on Member States continuing to honour their financial obligations.

13. Recalling that the total budget for the capital master plan of $1.8 billion had been approved by the General Assembly on 22 December 2006, he said that 180 Member States had opted for the multi-year payment plan while 12 Member States had chosen to make a one-time payment. As at 7 May 2008, 181 Member States had made payments totalling $696 million and $150 million had remained outstanding. In addition, a number of Member States that had not chosen the one-time payment option had made advance payments totalling $174 million, and 154 Member States had made payments to the working capital reserve, the balance of which, on 7 May 2008, had stood at $44.9 million. As at the same date, 90 Member States had paid their assessed contributions to the capital master plan in full, while a further 91 Member States had made partial payments. Regrettably, however, 11 Member States had not yet made any payments.

14. By way of conclusion, he paid special tribute to the 25 Member States — Andorra, Australia, Austria,

Azerbaijan, Brazil, Canada, Cuba, the Czech Republic, Finland, France, Guatemala, Iceland, Italy, Liechtenstein, Luxembourg, Monaco, New Zealand, Norway, Papua New Guinea, Samoa, Singapore, South Africa, Sweden, Switzerland and the United Kingdom — that had paid in full all assessments due and payable by 7 May 2007. In addition, Denmark had subsequently paid all assessed contributions due and payable. There had been encouraging signs of progress in early 2008, and it was particularly heartening to note the number of Member States that were meeting their financial obligations in full. However, there were still significant amounts outstanding, and the final outcome for 2008 would depend largely on the action to be taken by a handful of countries. In order to maintain the financial health of the Organization, it remained essential to ensure that Member States met their obligations in full and on time.

The meeting rose at 10.35 a.m.